

## **7 Deadly Sins to Avoid When Buying Workers Compensation Insurance**

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### **Deadly Sin #1**

#### **Buying your policy from an agent who does not specialize in business insurance.**

There are a lot of insurance agents out there. But not everyone specializes in workers compensation insurance. If you do nothing else, pick an independent agent who specializes in business insurance. Ask to see a list of their current clients. Is there a broad spectrum of small, medium, and large clients? How long have they been insuring commercial accounts?

Ask them what safety services they will provide and how much can you count on them to fight for you when a claim occurs? Do they have a fraud unit that investigates and prosecutes employees that are dogging it when injured? Most important does your agent/company have ideas on how to get injured employees back to work—fast?

### **Deadly Sin #2**

#### **Underestimating your payrolls, and not having an agent who will check mid-year to adjust these estimates.**

This will get you a big additional audit premium at the end of the year. One of the biggest complaints I hear in this business is that “my agent didn’t have my payrolls high enough and now I have this huge additional audit premium to pay.” How can I avoid this from happening, since I don’t know at the beginning of the year what my payrolls will be? If you don’t report your payrolls monthly, a simple phone call from your agent six months into your policy year can solve this problem.

### **Deadly Sin #3**

#### **Overestimating payrolls and not adjusting midterm.**

Why be a banker for the insurance company, loaning them money in the form of over payment of your premiums. Let’s face it, if you’re like most business owners, your line of credit at the bank is being used, and cash flow is always tight. So why do so many business owners overpay their premiums? Again the answer lies with a vigilant agent who understands your business insurance needs and how they dovetail with your overall business plan of operations. Why be a lender of your money to those big wealthy insurance companies. Make sure your agent reminds you to update payrolls at least on a six month basis, if you don’t report your premiums monthly.

#### Deadly Sin #4

##### **Not having a safety plan in place.**

What is so hard about having a safety plan in place for your business? Oh, it's hard to do. Well not if you pick an agent who specializes in business and workers' compensation insurance. They will have the knowledge and an easy how to guide book that will keep you out of hot water with OSHA and your company underwriter. Nobody wants to have a loss, especially an injured worker loss. When an injury occurs on the jobsite, you not only lose the time of the injured employee but lost time from other employees, who stop to help, who must take the injured worker to the emergency room and those left just thinking about it.

#### Deadly Sin #5

##### **Not paying attention to past claims.**

It is critical that you have a professional independent agent on our side to monitor current and past claims. Claims affect your experience modification factor, which directly affects your premium, for three years. You need to have an agent who will diligently follow up with company representatives to make sure claims are resolved fairly, quickly and most of all closed when completed. Many times insurance company adjustors, who are overworked and underpaid, will simply leave claims open that should be closed. This hurts you and your experience modification factor. Don't let it happen!

#### Deadly Sin #6

##### **Failing to report claims.**

Some business owners think if they don't do anything the problem will go away. When it comes to workers compensation claims you better think again. Failure to report workers compensation claims can and does result in heavy fines for both you and your insurance company, in particular where there is lost time. Your insurer will not look favorably upon you at renewal if you report claims late. If you suspect fraud, make sure you bring it to the attention of the claims adjustor so they can properly investigate it. Don't wait until the claim has been paid and closed to say you believe the person lied about the claim.

#### Deadly Sin #7

##### **Allowing your business to be placed in the workers compensation pool.**

The workers compensation risk pool serves a legitimate role for businesses that have had poor experience, simply don't have enough premium, or simply can't find a carrier a standard carrier. Being in a high risk business does not immediately sentence you to the POOL. Don't ever allow yourself to be automatically placed in the POOL. Many businesses get put into this dead end because of indifference or an agent who doesn't have enough companies to choose from.

Now that you know the 7 deadly sins of buying workers compensation insurance, take a few minutes and ask yourself if you have been guilty of committing any of these sins.

Don-Rick Insurance will try not to let you sin again. Our expertise (over 1/3 of our volume is workers' compensation premium) will always allow you to feel that you have given it your all in saving money on workers compensation coverage.

If you want want to avoid the 7 deadly sins, call (1-800-924-6536 #20 or email us at [dan@don-rick.com](mailto:dan@don-rick.com) for more information.